

**Houma Area Convention  
and Visitors Bureau**

Annual Financial Report  
As of and for the  
Year Ended December 31, 2012

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor and at the office of the parish clerk of court.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

Annual Financial Report  
As of and for the Year Ended December 31, 2012

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners  
Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Houma Area Convention and Visitors Bureau (the Bureau), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not

To the Board of Commissioners  
Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government

for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Houma Area Convention and Visitors Bureau, as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9 and the budgetary comparison schedule on page 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Houma Area Convention and Visitors Bureau's basic financial statements. The Schedule of Expenditures – General Fund on page 27 is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Expenditures – General Fund is the responsibility of management and was



To the Board of Commissioners  
Houma Area Convention and Visitors Bureau  
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derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures – General Fund is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2013, on our consideration of the Bureau's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bureau's internal control over financial reporting and compliance.



Houma, Louisiana  
March 24, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government  
Management's Discussion and Analysis  
December 31, 2012**

As management of the Houma Area Convention and Visitors Bureau (HACVB), we offer readers of HACVB's financial statements this narrative overview and analysis of the financial activities of HACVB for the year ended December 31, 2012.

**NEW ACCOUNTING PRONOUNCEMENT IMPLEMENTED**

The District implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in fiscal year 2012. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The reader will note a change in terminology from "net assets" to "net position".

**FINANCIAL HIGHLIGHTS**

- Houma Area Convention and Visitors Bureau's assets exceeded its liabilities by \$3,222,150 (net position) as of December 31, 2012.
- Expenditures exceeded revenues by \$487,456 during the year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to HACVB's financial statements. The Houma Area Convention and Visitors Bureau's financial statements consist of the following components:

**Statement of Net Position.** This statement combines and consolidates the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not.

**Statement of Activities.** Consistent with the full accrual basis method of accounting, this statement accounts for the entity-wide current year revenues and expenses regardless of when cash is received or paid.

**Balance Sheet – Governmental Fund Type – General Fund.** This statement presents the HACVB's assets, liabilities, and fund balance for its general fund only.

**Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund Type – General Fund.** Consistent with the modified accrual basis method of accounting, this statement accounts for current year revenues when received except when they are measurable and available. Expenditures are accounted for in the period that goods and services are used in the government's activities. In addition, capital asset purchases are expensed and not recorded as an asset. The statement also exhibits the relationship of revenues and expenditures with the change in fund balance.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government  
Management's Discussion and Analysis  
December 31, 2012**

**OVERVIEW OF THE FINANCIAL STATEMENTS (Cont.)**

**Combined Balance Sheet – All Fund Types.** This statement presents the Houma Area Convention and Visitors Bureau's assets and liabilities for all fund types, with the difference of assets and liabilities reported as fund balance. The fluctuation in fund balance can be used as an indication of whether the financial position of HACVB is improving or deteriorating. This statement does not include capital assets or long term obligations.

**Notes to Financial Statements.** The accompanying notes provide additional information essential to a full understanding of the data provided in the financial statements.

**BASIC FINANCIAL ANALYSIS**

As noted earlier, fund balance may serve over time as a useful indicator of an entity's financial position. In the case of HACVB, assets exceeded liabilities by \$3,222,150 at the close of the most recent year, December 31, 2012. The largest portion of HACVB's total assets is cash (33%) and investments (36%). HACVB's Net Position report is as follows:

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**  
Management's Discussion and Analysis  
December 31, 2012

**BASIC FINANCIAL ANALYSIS (Cont.)**

**HACVB's Net Position**

<b>ASSETS</b>	<b>December 31,</b>	
	<b>2012</b>	<b>2011</b>
Current assets	\$ 2,415,904	\$ 2,907,539
Capital assets, net of accumulated depreciation	911,399	952,450
Other assets	75	75
<b>TOTAL ASSETS</b>	<b>\$ 3,327,378</b>	<b>\$ 3,860,064</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 78,452	\$ 94,358
Compensated absences payable	26,776	25,265
Certificate of indebtedness Due within one year	-	30,835
<b>TOTAL LIABILITIES</b>	<b>105,228</b>	<b>150,458</b>
<b>NET POSITION</b>		
Investment in capital assets, net of related debt	911,399	921,615
Unrestricted	2,310,751	2,787,991
Total net position	3,222,150	3,709,606
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 3,327,378</b>	<b>\$ 3,860,064</b>

- Capital assets, which were reported net of accumulated depreciation, account for 27% of the total assets of HACVB for the most recent year ended.
- Investment in capital assets accounts for 28% of net position.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**  
Management's Discussion and Analysis  
December 31, 2012

**BASIC FINANCIAL ANALYSIS (Cont.)**

During the year HACVB's net assets decreased by \$487,456. The elements of the decrease are as follows:

**HACVB's Changes in Net Position**

	<u>For the Year Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
<b>REVENUES</b>		
Taxes:		
Parish	\$ 888,218	\$ 742,380
State	675,000	675,000
Miscellaneous:		
Interest earned	3,164	5,160
Grants	5,000	5,000
Other	299	295
Total operating revenues	<u>1,571,681</u>	<u>1,427,835</u>
<b>EXPENSES</b>		
Personal services	383,737	353,960
Supplies and materials	17,433	21,597
Other services and charges	1,586,305	1,140,383
Repairs and maintenance	26,625	28,693
Depreciation	43,381	35,897
Total operating expenses	<u>2,057,481</u>	<u>1,580,530</u>
<b>OTHER EXPENSE</b>	<u>1,656</u>	<u>1,766</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (487,456)</u>	<u>\$ (154,461)</u>

As indicated above, net position decreased by \$487,456. This decrease is primarily attributable to the increase in other services and charges – advertising and professional fees, specifically.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government  
Management's Discussion and Analysis  
December 31, 2012**

**CAPITAL ASSETS**

As of December 31, 2012, the Bureau had \$1,346,165 invested in capital assets.

	<u>2012</u>	<u>2011</u>
Land	\$ 306,313	\$ 306,313
Buildings	722,217	721,017
Auto and trucks	74,223	74,223
Office equipment	243,412	242,283
Subtotal	<u>1,346,165</u>	<u>1,343,836</u>
Less accumulated depreciation	<u>(434,766)</u>	<u>(391,386)</u>
	<u>\$ 911,399</u>	<u>\$ 952,450</u>

**CERTIFICATE OF INDEBTEDNESS**

A certificate of indebtedness was incurred during the year ended December 31, 2004 for the purchase of land. The total amount paid on this certificate during 2012 was \$30,536 resulting in the certificate being retired. Interest paid in the governmental funds was \$1,656 for 2012. More detailed information about the certificate of indebtedness is presented in the notes to the financial statements.

**ORIGINAL VS. REVISED BUDGET**

As a matter of practice, the Bureau amended its budget three times during the fiscal year. The budget for revenues was increased as follows:

**Revenues**

Total revenues revised budget	\$ 1,546,290
Total revenues original budget	1,152,500
	<u>\$ 393,790</u>

The Bureau's actual revenues exceeded revised budgeted revenues by \$25,391, a variance of 1.64%.

**Expenditures**

The Bureau's budget for expenditures was decreased as follows:

Total expenditures revised budget	\$ 1,996,083
Total expenditures original budget	3,131,715
	<u>\$ (1,135,632)</u>

The Bureau's actual expenditures exceeded the revised budgeted expenditures by \$52,838, a variance of 2.65%.



**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government  
Management's Discussion and Analysis  
December 31, 2012**

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of HACVB's finances for all those with such an interest. Call the HACVB office (985-868-2732) attention Sharon Alford, Executive Director, if you should have any further questions concerning any of the information provided in this report or have a request for additional financial information.

## **FINANCIAL STATEMENTS SECTION**

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

Statement of Net Position

December 31, 2012

	<b>Government Activities</b>
<b>ASSETS</b>	
Cash	\$ 1,104,939
Investments	1,190,376
Taxes receivable	71,602
Due from Terrebonne Parish Consolidated Government	43,398
Prepaid insurance	5,589
Security deposits	75
Capital assets	1,346,165
Accumulated depreciation	<u>(434,766)</u>
<b>TOTAL ASSETS</b>	<u>3,327,378</u>
<b>LIABILITIES</b>	
Accounts payable and accrued expenses	78,452
Compensated absences payable	<u>26,776</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>105,228</u>
<b>NET POSITION</b>	
Investment in capital assets	911,399
Unrestricted	<u>2,310,751</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 3,222,150</u></u>

The accompanying notes are an integral part of this statement.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

**Statement of Activities**

For the Year Ended December 31, 2012

	<b>Government Activities</b>
<b>REVENUES</b>	
Taxes:	
Parish	\$ 888,218
State	675,000
Miscellaneous:	
Interest earned	3,164
Grants	5,000
Other	299
	<hr/>
<b>TOTAL REVENUES</b>	<b>1,571,681</b>
	<hr/>
<b>EXPENSES</b>	
Economic development and assistance:	
Personal services	383,737
Supplies and materials	17,433
Other services and charges	1,586,305
Repairs and maintenance	26,625
Depreciation	43,381
	<hr/>
<b>TOTAL EXPENSES</b>	<b>2,057,481</b>
	<hr/>
<b>OTHER EXPENSES</b>	
Interest expense	1,656
	<hr/>
<b>CHANGE IN NET POSITION</b>	<b>(487,456)</b>
<b>NET POSITION</b>	
Beginning of year	3,709,606
	<hr/>
End of year	<u><u>\$ 3,222,150</u></u>

The accompanying notes are an integral part of this statement.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

Balance Sheet  
Governmental Fund Type  
General Fund

December 31, 2012

**ASSETS**

Cash	\$ 1,104,939
Investments	1,190,376
Taxes receivable	71,602
Due from Terrebonne Parish Consolidated Government	43,398
Prepaid insurance	5,589
Security deposits	<u>75</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 2,415,979</u></u></b>

**LIABILITIES**

Accounts payable and accrued expenses	\$ 78,452
Compensated absences payable	<u>26,776</u>
<b>TOTAL LIABILITIES</b>	<b><u>105,228</u></b>

**FUND BALANCE**

Nonspendable Prepaid expenses	5,589
Unassigned	<u>2,305,162</u>
<b>TOTAL FUND BALANCE</b>	<b><u>2,310,751</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u><u>\$ 2,415,979</u></u></b>

The accompanying notes are an integral part of this statement.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

Statement of Revenues, Expenditures,  
and Changes in Fund Balance-  
Governmental Fund Type  
General Fund

For the Year Ended December 31, 2012

**REVENUES**

Taxes:	
Parish	\$ 888,218
State	675,000
Miscellaneous:	
Interest earned	3,164
Grants	5,000
Other	<u>299</u>
<b>TOTAL REVENUES</b>	<u>1,571,681</u>

**EXPENSES**

Economic development and assistance:	
Personal services	383,737
Supplies and materials	17,433
Other services and charges	1,586,305
Repairs and maintenance	26,625
Capital expenditures	2,330
Debt service	<u>32,491</u>
<b>TOTAL EXPENSES</b>	<u>2,048,921</u>

<b>CHANGE IN FUND BALANCE</b>	(477,240)
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**FUND BALANCE**

Beginning of year	<u>2,787,991</u>
End of year	<u><u>\$ 2,310,751</u></u>

The accompanying notes are an integral part of this statement.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

Reconciliation of the Balance Sheet of the Governmental Fund  
to the Statement of Net Position

December 31, 2012

Total fund balance - total governmental funds	\$ 2,310,751
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets of \$1,346,165, net of accumulated depreciation of \$434,766, are not financial resources and, therefore, are not reported in the funds.	<u>911,399</u>
Net position of governmental activities	<u>\$ 3,222,150</u>

Reconciliation of the Statement of Revenue, Expenditures, and  
Changes in Fund Balance – Governmental Fund to the  
Statement of Activities

For the Year Ended December 31, 2012

Change in fund balance - governmental fund	\$ (477,240)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental fund reports capital outlays as expenditures whereas in the statement of activities, these costs are depreciated over their estimated useful lives.	
Depreciation expense	(43,381)
Capital outlays	<u>2,330</u> (41,051)
Governmental fund reports principal debt repayments as expenditures, which are not presented on the statement of activities.	<u>30,835</u>
Change in net position of governmental activities	<u>\$ (487,456)</u>

The accompanying notes are an integral part of this statement.



**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

**Combined Balance Sheet –  
All Fund Types**

December 31, 2012

	Governmental Fund Type <u>General Fund</u>	Fiduciary Fund Type <u>Agency</u>	Total (Memorandum Only)
<b>ASSETS</b>			
Cash	\$ 1,104,939	\$ -	\$ 1,104,939
Investments	1,190,376	-	1,190,376
Taxes receivable	71,602	17,900	89,502
Due from Terrebonne Parish Consolidated Government	43,398	20,433	63,831
Prepaid insurance	5,589	-	5,589
Security deposits	75	-	75
<b>TOTAL ASSETS</b>	<u><u>\$ 2,415,979</u></u>	<u><u>\$ 38,333</u></u>	<u><u>\$ 2,454,312</u></u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	\$ 78,452	\$ -	\$ 78,452
Compensated absences payable	26,776	-	26,776
Due to Houma-Terrebonne Civic Center	-	38,333	38,333
<b>Total liabilities</b>	<u>105,228</u>	<u>38,333</u>	<u>143,561</u>
<b>FUND BALANCE</b>			
Nonspendable			
Prepaid expenses	5,589	-	5,589
Unassigned	2,305,162	-	2,305,162
<b>Total fund balance</b>	<u>2,310,751</u>	<u>-</u>	<u>2,310,751</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 2,415,979</u></u>	<u><u>\$ 38,333</u></u>	<u><u>\$ 2,454,312</u></u>

The accompanying notes are an integral part of this statement.

**Houma Area Convention and Visitors Bureau**  
**Terrebonne Parish Consolidated Government**  
Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Houma Area Convention and Visitors Bureau (the Bureau) was created and established by Terrebonne Parish Police Jury Ordinance No. 1977 on May 3, 1977, authorized by Act 19 of the Louisiana Legislature of 1975 (R.S. 33-4574-3574,3). The Bureau was formed for the purpose of promoting tourism within the Parish of Terrebonne. The Bureau is composed of nine members, known as commissioners, who are authorized to do all things necessary for the promotion, advertisement, and publication of information relating to tourist attractions within its jurisdiction. The Bureau may also sue and be sued, accept grants or donations of every type, and make capital improvements for the purpose of obtaining federal funds. However, the Bureau may not exercise any function that results in competition with local retail businesses or enterprises. The Bureau is funded by a 4.0% tax on the occupancy of hotel rooms, motel rooms, and overnight camping facilities located within the boundaries of Terrebonne Parish and taxes collected by the state on the Bureau's behalf.

The accounting and reporting policies of the Bureau conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of significant accounting policies:

**A. REPORTING ENTITY**

Because the Consolidated Government appoints the governing board and can therefore impose its will, the Houma Area Convention and Visitors Bureau was determined to be a component unit of the Terrebonne Parish Consolidated Government, the governing body of the parish and the governmental body with financial accountability.

The accompanying financial statements present information only on the funds maintained by the Bureau and do not present information on the consolidated government, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

The Bureau has reviewed all of its activities and determined that there are no potential component units that should be included in its financial statements.

**B. METHOD OF ACCOUNTING**

GASB statements establish standards for external financial reporting for all state and local governmental entities which include a statement of position and a statement of activities. It requires the classification of net position into three components – investment in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Investment in capital assets, net of related debt – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to

**Houma Area Convention and Visitors Bureau**  
**Terrebonne Parish Consolidated Government**  
Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – This component of net position consists of net position that do not meet the definition of “restricted” or “investment in capital assets, net of related debt”.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Bureau’s highest level of decision-making authority. The Board of Commissioners must vote on commitments.

Assigned – This component of fund balance is intended to be used by the Bureau for specific purposes but do not meet the criteria to be classified as restricted or committed. The Board of Commissioners can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the Bureau’s general fund and includes all spendable amounts not contained in the other classifications.

Stabilization Funds – This component of fund balance covers such things as revenue shortfalls, emergencies, or other purposes. The authority to set aside resources often comes from a statute, ordinance, or constitution.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**  
Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

The financial statements of the Bureau are prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred.

**C. FUND TYPES**

The Bureau reports the following fund types:

**Governmental Funds**

Governmental Funds are those through which governmental functions of the Bureau are financed. The acquisition, use and balances of the Bureau's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following is the Governmental Fund of the Bureau:

General Fund - The General Fund is the general operating fund of the Bureau. It is used to account for all financial resources except those that are required to be accounted for in another fund.

**Fiduciary Funds**

Fiduciary funds account for assets held by the Bureau in a trustee or agency capacity. Agency funds are custodial in nature and do not involve measurement of results of operations. The following is the Fiduciary Fund of the Bureau:

Agency Fund – The Agency Fund is used by the Bureau to receive and transfer funds allocated to the Houma-Terrebonne Civic Center based on a 1% increase to the parish occupancy tax effective April 1, 1999.

**D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

**Government-Wide Financial Statements (GWFS)**

The government-wide financial statements display information as a whole. These statements include all the financial activities. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed).

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government  
Notes to Financial Statements  
As of and for the Year Ended December 31, 2012**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Fund Financial Statements (FFS)**

The amounts reflected in fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of operations.

The amounts reflected in the fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Bureau considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and other postemployment benefits which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**E. ENCUMBRANCES**

The Bureau does not utilize encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers.

**F. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENT**

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components: assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

**G. OPERATING BUDGETARY DATA**

As required by Louisiana Revised Statute 39:1303, the Board of Commissioners (the Board) adopted a budget for the Bureau's General Fund. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The budget was amended three times during the year.



**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**  
Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

**H. BAD DEBTS**

The financial statements of the Bureau contain no allowance for bad debts. Uncollectible amounts due for taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operation of the Bureau.

**I. CASH AND CASH EQUIVALENTS**

The Bureau considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

**J. INVESTMENTS**

Investments are stated at cost, which approximates market.

**K. CAPITAL ASSETS**

Capital assets are presented on the Statement of Net Position.

Depreciation of all fixed assets is computed on the straight-line basis. Estimated useful lives of property and equipment are as follows:

Office equipment	5 - 7 years
Automobiles	5 years
Building	7 - 39 years

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

**L. ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Estimates of the Bureau primarily relate to fixed assets' useful lives.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**  
Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**M. MEMORANDUM ONLY – TOTAL COLUMNS**

The total column on the combined financial statements is captioned memorandum only to indicate that it is presented only to facilitate financial analysis. Data in this column do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Such data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**N. COMPENSATED ABSENCES**

Full-time employees may accrue up to thirty days of vacation time, which begins to accrue after six months of employment. After an employee's sixth month anniversary date, an employee will be granted 6 days of vacation time and, thereafter, will accrue one day at the end of each full calendar month of service. Accrued and earned vacation will be paid at the resignation or termination of an employee. The amount of accumulated vacation benefits as of December 31, 2012 was \$26,776.

After ninety days of employment, full-time employees are eligible for one day of sick leave per month of employment through the remainder of the first year of employment. Employees will receive ten days of paid sick leave per year for all subsequent years. Unused sick leave may accumulate up to thirty days. Sick leave is not a vested benefit and employees will not receive compensation for unused sick leave at the time of termination or departure from the Bureau.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**Bank Deposits:**

Under state law, the Bureau may deposit funds within a fiscal agent bank organized under the laws of State of Louisiana, the laws of another state in the Union, or the laws of the United States Treasury.

State law requires that deposits (cash and certificates of deposits) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.



**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**  
Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)**

The year-end balance of deposits is as follows:

	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	\$ 1,131,384	\$ 1,104,939
Certificates of deposit	34,289	34,289
Totals	<u>\$ 1,165,673</u>	<u>\$ 1,139,228</u>

Custodial credit risk is the risk that in the event of a bank failure, the Bureau's deposits may not be returned to it. The Bureau has a written policy for custodial credit risk. As of December 31, 2012, \$742,005 of the Bureau's bank balance of \$1,165,673 was exposed to credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Bureau's name.

While cash was adequately collateralized in accordance with state law by Federal Deposit Insurance Corporation (FDIC) coverage as of December 31, 2012, its deposits exceeded FDIC coverage and pledged securities held by an unaffiliated bank for the account of the Bureau at times during the year. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Investments:**

State statutes authorize the Bureau to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the Bureau's investment policy limits investments to securities with maturity dates less than six months from the date of purchase unless the investment is matched to a specific cash flow.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Bureau's investment policy requires the application of the prudent-person rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of such funds in an effort to minimize risk while earning maximum returns.* The Bureau's investment policy limits investments to those discussed earlier in this

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**  
Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 2 – DEPOSITS AND INVESTMENTS (Cont.)**

note. LAMP has a Standard & Poor's Rating of AAAm.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Bureau will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by Securities and Exchange Commission.

LAMP, a local government investment pool, is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high

quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed or backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 60 days, and consists of no securities with a maturity in excess of 397 days. The fair value of investments is determined on a weekly basis to monitor any variances between amortized cost. The fair value of participant's position is the same as the value of the pool shares. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. Investments in LAMP as of December 31, 2012 amounted to \$1,156,087 and are classified on the Statement of Net Position as "Investments".

A reconciliation of deposits and investments as shown on the Statement of Position is as follows:

Reported amount of deposits	\$ 1,139,228
Reported amount of investments	<u>1,156,087</u>
Total	<u>\$ 2,295,315</u>
Cash	\$ 1,104,939
Investments	<u>1,190,376</u>
Total	<u>\$ 2,295,315</u>

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**  
Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 3 – CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance January 1, 2012	Additions	Retirements	Balance December 31, 2012
Automobiles	\$ 74,223	\$ -	\$ -	\$ 74,223
Office furniture and equipment	242,283	1,129	-	243,412
Building	721,017	1,200	-	722,217
Land	306,313	-	-	306,313
	1,343,836	2,329	-	1,346,165
Less accumulated depreciation	(391,386)	(43,380)	-	(434,766)
Totals	<u>\$ 952,450</u>	<u>\$ (41,051)</u>	<u>\$ -</u>	<u>\$ 911,399</u>

**NOTE 4 – COMPENSATION OF BOARD MEMBERS**

As set forth in the Bureau's by-laws, the Board serves without compensation.

**NOTE 5 – DEFERRED COMPENSATION PLAN**

The Bureau established an IRC Section 457 Deferred Compensation Plan on April 18, 2001. Employees are allowed to contribute the lesser of 33 1/3% of includible compensation or \$17,000. The Bureau has elected to make employer matching funds available to those employees who have completed one year of active service. The Bureau made matching contributions to the plan for the year ended December 31, 2012 in the amount of \$11,571.

**NOTE 6 – CERTIFICATE OF INDEBTEDNESS**

On April 1, 2004, the Bureau signed a certificate of indebtedness of \$250,000 to purchase land. The agreement includes monthly principal and interest payments of \$2,777 an interest rate of 3.69%, and a maturity date of April 1, 2013. The balance on this certificate of indebtedness was retired during the year ended December 31, 2012.

**NOTE 7 – POST-EMPLOYMENT BENEFITS**

The Bureau does not offer post-retirement benefits to their employees.

**NOTE 8 – RISK MANAGEMENT**

The Bureau is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to the public; and natural disasters for which the Bureau carries commercial insurance or other insurance for the losses to

**Houma Area Convention and Visitors Bureau**  
**Terrebonne Parish Consolidated Government**  
Notes to Financial Statements  
As of and for the Year Ended December 31, 2012

**NOTE 8 – RISK MANAGEMENT (Cont.)**

which it is exposed. The Bureau's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure and claims experience. The premium for auto liability is based on claims experience, vehicle type, and mileage.

**NOTE 9 – SUBSEQUENT EVENTS**

Subsequent events were evaluated by management through March 24, 2013, which is the date the financial statements were available to be issued, and it was determined that no events occurred that requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## **REQUIRED SUPPLEMENTAL INFORMATION**

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

**Budgetary Comparison Schedule  
Year Ended December 31, 2012**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Revised Budget Over/(Under)</b>
<b>REVENUES</b>				
Parish taxes	\$ 507,500	\$ 863,290	\$ 888,218	\$ 24,928
State taxes	600,000	675,000	675,000	-
Interest earned	10,000	3,000	3,164	164
Grants	35,000	5,000	5,000	-
Other	-	-	299	299
<b>TOTAL REVENUES</b>	<b>1,152,500</b>	<b>1,546,290</b>	<b>1,571,681</b>	<b>25,391</b>
<b>EXPENDITURES</b>				
<u>Personal Services</u>				
Salaries	332,000	280,800	286,981	6,181
Group insurance	65,000	61,350	61,283	(67)
Workers comp insurance	2,000	1,200	1,524	324
Pension	16,000	11,575	11,571	(4)
Payroll taxes	26,800	22,500	22,378	(122)
Total personal services	441,800	377,425	383,737	6,312
<u>Supplies and Materials</u>				
Office supplies	15,000	9,750	9,073	(677)
Postage	10,000	8,200	8,360	160
Total supplies and materials	25,000	17,950	17,433	(517)
<u>Other Services and Charges</u>				
Marketing	926,500	1,093,550	1,116,525	22,975
Tourism development cooperative	756,000	9,650	9,642	(8)
Sales expense	180,000	94,770	100,013	5,243
Professional fees	275,000	220,000	239,150	19,150
Sineage	100,000	-	-	-
Computer	34,000	21,425	22,266	841
Dues and subscriptions	22,000	21,935	20,239	(1,696)
Building	12,200	16,620	16,701	81
Automobile	21,000	18,675	17,520	(1,155)
General insurance	9,100	10,143	9,753	(390)
Public relations	81,500	8,400	9,990	1,590
Miscellaneous	5,000	11,600	20,431	8,831
Storage rental	2,515	2,355	2,355	-
Training and professional development	35,000	1,000	1,000	-
Bank charges	800	720	720	-
Total other services and charges	2,460,615	1,530,843	1,586,305	55,462
Repairs and maintenance	63,300	36,246	26,625	(9,621)
Debt service	41,000	32,490	32,491	1
Capital expenditures	100,000	1,129	2,330	1,201
<b>TOTAL EXPENDITURES</b>	<b>\$ 3,131,715</b>	<b>\$ 1,996,083</b>	<b>\$ 2,048,921</b>	<b>\$ 52,838</b>

See Independent Auditor's Report.

## **SUPPLEMENTAL INFORMATION**



**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

Supplemental Information Schedule -  
Schedule of Expenditures - General Fund  
For the Year Ended December 31, 2012

**ECONOMIC DEVELOPMENT AND ASSISTANCE**

Personal Services

Salaries	\$ 286,981
Insurance	62,807
Payroll taxes	22,378
Pension	11,571
Total personal services	<u>383,737</u>

Supplies and Materials

Office supplies	9,073
Postage	8,360
Total supplies and materials	<u>17,433</u>

Other Services and Charges

Advertising	1,226,529
Tourism development cooperative	9,642
Professional fees	239,150
Computer	22,266
Dues and subscriptions	20,239
General insurance	19,101
Telephone	16,701
Utilities	8,293
Automobile	8,172
Special events	12,137
Rent-storage	2,355
Training	1,000
Bank charges	720
Total other services and charges	<u>1,586,305</u>

Repairs and maintenance

26,625

Capital expenditures

2,330

Debt Service

Principal	30,835
Interest	1,656
Total debt service	<u>32,491</u>

**TOTAL ECONOMIC DEVELOPMENT  
AND ASSISTANCE**

\$ 2,048,921

See Independent Auditor's Report.

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**

**Martin  
and  
Pellegrin**

*Certified Public Accountants  
(A Professional Corporation)*

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Houma, Louisiana 70360

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners  
Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the government activities and each major fund of Houma Area Convention and Visitors Bureau (the Bureau), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements and have issued our report thereon dated March 24, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Bureau's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant

Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government  
Houma, Louisiana

deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. This item is listed as 12-02.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 12-01.

#### The Bureau's Response to Findings

The Bureau's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Bureau's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Purpose of this Report

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the information and use of management, Board of Commissioners, and the Louisiana Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Houma, Louisiana  
March 24, 2013

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

**Schedule of Findings and Responses  
For the Year Ended December 31, 2012**

**Section I – Summary of Auditor’s Results**

1. The auditor’s report expresses an unqualified opinion on the financial statements of the Houma Area Convention and Visitors Bureau.
2. One significant control deficiency (see finding 12-02) was noted during the audit of the financial statements. This significant control deficiency was not considered a material weakness.
3. One instance of noncompliance (see finding 12-01) required to be reported in accordance with *Government Auditing Standards* was disclosed during the audit.
4. A management letter was not issued.

**Section II – Financial Statement Findings**

**12-01**

Statement of Condition: The Bureau’s cash deposits were under collateralized at one of its financial institutions at times during the year ended December 31, 2012.

Criteria: State law requires that deposits of all political subdivisions be fully collateralized at all times.

Effect of Condition: The Bureau was not in compliance with state law as related to bank deposits.

Cause of Condition: During the year ended December 31, 2012, cash deposits were at times uninsured and under collateralized.

Recommendation: The management of the Bureau should contact its fiscal agent when a significant deposit is to be made to ensure that deposits are fully collateralized at all times. As the fiscal agent monitors deposits versus collateralization only at the beginning of the month, management should adopt procedures whereby the monitoring of cash deposits, and related collateral, are more frequently performed to ensure that cash deposits are fully collateralized at all times.

**Section III – Internal Control Findings**

**12-02**

Statement of Condition: A significant control deficiency in the Bureau’s internal control.

Criteria: In our consideration of internal control, we noted that the size of the Houma Area Convention and Visitors Bureau’s operations and its limited accounting staff preclude an

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

**Schedule of Findings and Responses  
For the Year Ended December 31, 2012**

adequate segregation of duties and other features of an adequate system of internal control.

Effects of Condition: The internal control, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of the Houma Area Convention and Visitors Bureau and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Recommendation: The Board of Directors of the Houma Area Convention and Visitors Bureau should closely monitor the day-to-day activities of the Bureau.

Response: The management of the Houma Area Convention and Visitors Bureau agrees with this finding.

Questioned Costs: \$           -0-

**Section IV – Findings and Questioned Costs – Major Federal Award Program Audit**

This section is not applicable.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

**Management's Corrective Action Plan for Current Year Findings  
For the Year Ended December 31, 2012**

The contact person for all corrective actions noted below is Ms. Sharon Alford, Executive Director.

**Section I – Internal Control and Compliance**

**Inadequate Internal Control**

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Directors of the Bureau should closely monitor the day-to-day activities of the Bureau.

Planned Action: The Board of Directors will closely monitor the day-to-day activities of the Bureau.

**Under Collateralization of Cash Deposits**

Condition: The Bureau's cash deposits were under collateralized at one of its financial institutions at times during the year ended December 31, 2012.

Recommendation: The management of the Bureau should contact its fiscal agent when a significant deposit is to be made to ensure that deposits are fully collateralized at all times. As the fiscal agent monitors deposits versus collateralization only at the beginning of each month, management should adopt procedures whereby the monitoring of cash deposits, and related collateral, are more frequently performed to ensure that cash deposits are fully collateralized at all times.

Planned Action: The Bureau will implement the recommendation as detailed above.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.

**Houma Area Convention and Visitors Bureau  
Terrebonne Parish Consolidated Government**

**Schedule of Prior Findings and Responses  
For the Year Ended December 31, 2012**

Note: The prior findings all relate to the December 31, 2011 audit engagement.

**Section I – Internal Control and Compliance Material to the Financial Statements**

**Inadequate Internal Control**

Condition: A significant control deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Directors of the Organization should closely monitor the day-to-day activities of the Organization.

Planned Action: The Board of Directors will closely monitor the day-to-day activities of the Organization.

Status: Ongoing. The Organization has implemented the recommendation, but the lack of segregation of duties continues to exist. As such, the Board will continue to perform the recommendation.

**Section II – Internal Control and Compliance Material to Federal Awards**

This section is not applicable.

**Section III – Management Letter**

This section is not applicable.